

# **Come Home to America**



**February 25, 2003**

**Contact:**

**Cheryl Kelly, AFSCME**

202-429-1145

**Brad Pacheco, CalPERS**

916-326-3991

## **Reincorporation Efforts Gain Momentum With ISS Recommendation Supporting Tyco Return to the U.S.**

**Washington, DC** – Major institutional investors including public pension funds, union funds, state treasurers and others today applauded the Institutional Shareholder Services (ISS) decision in favor of a shareholder proposal urging reincorporation of Bermuda-based Tyco back to the United States. ISS found Tyco has failed to make its case for locating in an off-shore tax haven.

"Shareholders lose a significant level of accountability when American companies reincorporate from the United States to Bermuda and other offshore havens," said American Federation of State, County and Municipal Employees (AFSCME) President Gerald W. McEntee. "The ISS agrees that for the new Tyco management and board to reinvent themselves, coming back to the U.S. is a necessary action."

ISS said its support for the resolution in conjunction with Tyco's annual meeting March 6 in Bermuda "is a reflection of our disappointment in the board's failure to properly assess this very important issue on shareholders' behalf. By recommending that shareholders support the reincorporation, ISS is placing Tyco's newly constructed board on notice to conduct a thorough evaluation of reincorporation to Delaware."

"ISS couldn't have gotten it more right," said Sean Harrigan, President of the California Public Employees' Retirement System. "With its past history, Tyco cannot afford to further erode investor confidence. Everyone should tell Tyco: Come Home."

Jack Ehnes, Chief Executive Officer, California State Teachers' Retirement System (CalSTRS) buttressed the ISS findings: "California's educators expect accountability from their pension fund and we expect it from the companies we invest in," said "The reincorporation resolution supported by ISS calls for Tyco to step up and give us investors the accountability we need."

-more-

"The ISS recommendation is an important, positive step in the shareholder fight to end the sham corporate relocations that are undermining the confidence of millions of Americans in the

financial marketplace, at enormous cost to families, pensioners and taxpayers," said California Treasurer Phil Angelides, who as a member of the CalPERS board first urged the nation's largest pension fund last year to take an active role in ending the deception of corporate expatriation.

"Stanley Works finally heard the voice of shareholders last year and backed away from plans to reincorporate off-shore. Companies must no longer turn a deaf ear to this issue, and the ISS decision adds an important voice to the growing chorus," added Connecticut State Treasurer Denise L. Nappier. "Shareholders rights are at risk when companies incorporate offshore, and potential changes in tax law could reduce even further the perceived advantages of overseas incorporation."

ISS said it was unable to verify the economic benefits that Tyco claimed as the foundation for its move to Bermuda in 1997. "Because the company is the only party who is able to provide the details of this information, ISS believes that the burden falls on Tyco to provide shareholders with an in-depth analysis of the previous issues so that shareholders have the proper tools to make an informed decision," said ISS, the leading research provider for institutional investors.

"ISS contacted the company directly numerous times requesting additional information about the economic benefits, which the company declined to provide," ISS continued. "ISS is concerned at the absence of this critical information, which is an essential part of the reincorporation discussion."

The AFSCME Employees Pension Plan is sponsor of the shareholder resolution at Tyco. Shareholders will decide the issue at Tyco's annual meeting in Bermuda on March 6. AFSCME, public pension plans and union plans have submitted similar proposals at McDermott International (NYSE: MDR), Ingersoll-Rand Co. Ltd. (NYSE: IR), Nabors Industries (AMEX: NBR), and Cooper Industries Ltd. (AMEX: NBR).

For more information on *Come Home to America*, please visit [www.calpers-governance.org](http://www.calpers-governance.org). For more information about the ISS decision, contact any of the following:

**American Federation of State County and Municipal Employees**

Cheryl Kelly (202) 429-1145 [ckelly@afscme.org](mailto:ckelly@afscme.org)

**California Public Employees' Retirement System**

Brad Pacheco (916) 326-3991 [brad\\_pacheco@calpers.ca.gov](mailto:brad_pacheco@calpers.ca.gov)

**California State Teachers' Retirement System**

Sherry Reser (916) 229-3258 [Sreser@CalSTRS.ca.gov](mailto:Sreser@CalSTRS.ca.gov)

**Connecticut State Treasurer's Office**

Bernard Kavalier (860) 702-3277 [Bernard.Kavalier@po.state.ct.us](mailto:Bernard.Kavalier@po.state.ct.us)

**California State Treasurer's Office**

Mitchell Benson (916) 654-2995 [Mbenson@treasurer.ca.gov](mailto:Mbenson@treasurer.ca.gov)

#####